

Participation Rate Index Appeal



QUALIFYING

What is a participation rate index?

A participation rate index is the percentage of a school's students that obtain Federal Family Education Loan (FFEL) Program and/or William D. Ford Federal Direct Loan (Direct Loan) Program loans multiplied by the school's cohort default rate.

Please refer to page 154 for a more in-depth discussion on how to calculate a participation rate index.

Which schools are eligible to submit a participation rate index appeal?

Only a school that can demonstrate that it has a participation rate index equal to or less than 0.0375 for any of the three most recent fiscal years for which data is available AND is subject to the following sanctions as a result of the school's official cohort default rates may submit an exceptional mitigating circumstances appeal based upon its participation rate index:

- **initial loss** of FFEL Program and/or Direct Loan Program and Federal Pell Grant Program eligibility;
- OR
- **extended loss** of FFEL Program and/or Direct Loan Program and Federal Pell Grant Program eligibility.

A participation rate index appeal does NOT alleviate the consequences associated with a rate that exceeds the limitation, suspension,

Participation Rate Index Appeal Eligibility Checklist

To be eligible to submit a participation rate index appeal, a school must meet ALL of the following criteria:

- ☐ The school is subject to initial or extended loss of eligibility to participate in the FFEL Program and/or Direct Loan Program and Federal Pell Grant Program.
- ☐ The school's participation rate index is equal to or less than 0.0375 for any of the three most recent cohort periods (in this case FY 1997, FY 1996, and FY 1995).

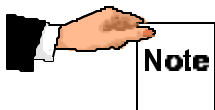
Which cohort default rate can be used to determine a participation rate index?

A school may choose to base its participation rate index on any of the three most recent official cohort default rates (in this case FY 1997, FY 1996, or FY 1995).

How can a participation rate index appeal affect a school's loss of eligibility to participate in the FFEL Program and/or Direct Loan Program and Federal Pell Grant Program?

If the Department determines that a school has a participation rate index of 0.0375 or less for any of the school's three most recent official cohort default rates, the Department will withdraw its notification of loss or extension of loss of the school's eligibility to participate in the FFEL Program and/or Direct Loan Program and Federal Pell Grant Program.¹

Because a school can submit a participation rate index appeal for any of its three most recent official cohort default rates, a school that has submitted a successful participation rate index appeal for either of its two previous official cohort default rates (in this case FY 1995 and/or FY 1996) will not be subject to initial or extended loss of FFEL Program and/or Direct Loan Program and Federal Pell Grant Program eligibility. The Department will automatically identify any school that has submitted a successful participation rate index appeal for either of the two previous cohort periods. These schools will NOT be notified that the school is subject to loss of eligibility to participate in the FFEL Program and/or Direct Loan Program and Federal Pell Grant Program even if the schools' three most recent official cohort default rates are equal to or greater than 25.0 percent.




A successful exceptional mitigating circumstances appeal does NOT change a school's official cohort default rate.

¹ 34 CFR § 668.17(c)(5)

How does a school calculate its participation rate index?

The **participation rate index** is calculated as follows:

the school's official cohort default rate	X	number of regular borrowers included in the denominator who received an FFEL Program loan or Direct Loan Program loan for a loan period that overlaps the selected 12-month period by at least one day
		number of regular students enrolled on at least a half-time basis during any part of the selected 12-month period

 **Note** Information on how to select an acceptable 12-month period is provided beginning on page 146 in the "Exceptional Mitigating Circumstances Appeal" section.

To succeed on a participation rate index appeal, the school must have a participation rate index of 0.0375 or less.

Example: Technical School's FY 1997 official cohort default rate is 25.0 percent. Technical School had a total of 200 regular students enrolled on at least a half-time basis during the selected 12-month period. Of those 200 students, 14 borrowers received an FFEL Program loan for a loan period that overlaps the selected 12-month period by at least one day and 12 different borrowers received a Direct Loan Program loan for a loan period that overlapped the selected 12-month period by at least one day. Technical School's participation rate index is calculated as follows:

0.250	X	14 (FFEL) + 12 (DL) = 26	=	0.0325
		200		

Which students are included in the denominator of the participation rate index?

To be included in the denominator of the participation rate index, a student must have been—²

- a "regular student" (i.e., a student that enrolled, or was accepted for enrollment, at an institution for the purpose of obtaining a degree, certificate, or other recognized educational credential offered by that institution);
 - enrolled on at least a half time basis;
- AND
- enrolled for at least one day in the 12-month period selected by the school.



Note

A student's entire enrollment period does NOT have to fall within the selected 12-month period. A student that enrolled **prior** to the 12-month period but completed/withdrew from the program of study **during** the 12-month period is considered to have been enrolled during the 12-month period. In addition, a student that enrolled **during** the 12-month period but completed/withdrew from the program of study **after** the 12-month period is considered to have been enrolled during the 12-month period. Finally, a student that enrolled **prior** to the 12-month period and continued to be enrolled until **after** the 12-month period is considered to have been enrolled during the 12-month period.

Q . If a student has a break in enrollment and leaves school, then returns and begins a new enrollment period, all during the selected 12-month period, which enrollment dates should the school use?

A . A school should list both enrollment periods. However, the student will only be counted once in the participation rate index calculation.

Which borrowers are included in the numerator of the participation rate index?

To be included in the numerator of the participation rate index, the borrower must first be included in the denominator of the rate. If a borrower is included in the denominator of the participation rate index calculation and meets the following conditions, the borrower will also be included in the numerator of the calculation:³

² HEA § 435(a)(6)(A)

³ Id.

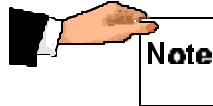
Q . If a borrower has more than one loan with a loan period that falls during the selected 12-month period, which loan data should a school use?

A . A school should list both loans. However, the borrower will only be counted once in the participation rate index calculation.

- the borrower received an FFEL Program and/or Direct Loan Program loan;

AND

- the FFEL Program and/or Direct Loan Program loan period overlaps the 12-month period selected by the school by at least one day.



If any part of the loan period falls within the 12-month period, the student must be identified and counted as having received a loan.

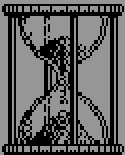
TIMING AND SUBMITTING

How does a school prepare and submit a participation rate index appeal?

Timing is critical when submitting a participation rate index appeal.

- Step 1:** Within **30 calendar days** of receiving official notification that the school is subject to initial or extended loss of eligibility to participate in the FFEL Program and/or Direct Loan Program and Federal Pell Grant Program, a school must **review the school's official cohort default rate notification letter and this Guide to determine if the school is eligible** to submit a participation rate index appeal.

Please refer to page 151 for a detailed discussion regarding which schools are eligible to appeal based on the participation rate index.



Time frames may overlap. Read ALL steps.

Step 2: Also if a school is eligible to submit a participation rate index appeal, **within the time frame described in Step 1** (i.e., within 30 calendar days of receiving official notification that the school is subject to initial or extended loss of eligibility to participate in the FFEL Program and/or Direct Loan Program and Federal Pell Grant Program), a school must **identify data to support the school's participation rate index.**

Compile a spreadsheet to count and list the students who will be included in the school's participation rate index by using the sample **Participation Rate Index Appeal** spreadsheet on page 165.

Provide the following information on the spreadsheet:

- the school's name and OPE ID Number;
- the beginning and ending dates for the 12-month period on which the school is basing its participation rate index;

For information on selecting an acceptable 12-month period, please refer to page 146 in the "Exceptional Mitigating Circumstances Appeal" section.

- the Social Security numbers, in numerical order, of all the regular students enrolled on at least a half-time basis during any part of the selected 12-month period;



Note

These are the students that will be included in the denominator of the participation rate index.

- for each Social Security number, list the student's name;
- for each student, provide beginning and ending **enrollment dates** [For all enrollment dates, include the month, day and year (MM/DD/CCYY)];

Q . What is a regular student?

A . A regular student is defined as a person who is enrolled, or accepted for enrollment, at an institution for the purpose of obtaining a degree, certificate, or other recognized educational credential offered by that institution as defined in 34 CFR § 600.2.

**Note**

No student is counted more than once in the calculation, even if the student re-enrolled.

••

if the student received an FFEL Program loan and/or a Direct Loan Program loan during the selected 12-month period, enter the type of loan received (if not, do not make an entry);

••

for each borrower with an FFEL Program loan and/or a Direct Loan Program loan, provide the beginning and ending dates of the **loan period**.

**Note**

Borrowers listed with loan periods that overlap the 12-month period selected by the school by at least one day are the borrowers that will be included in the numerator of the participation rate index.

Step 3:

Also **within the time frame described in Step 1** (i.e., within 30 calendar days of receiving official notification that the school is subject to initial or extended loss of eligibility to participate in the FFEL Program and/or Direct Loan Program and Federal Pell Grant Program), a school must **calculate its participation rate index**.

••

From the official notification letter, identify the school's relevant official cohort default rate.

••

From the **Participation Rate Index Appeal** spreadsheet, count the number of borrowers that received an FFEL Program and/or Direct Loan Program loan during the selected 12-month period and whose loan periods overlap the 12-month period by at least one day. **These are the borrowers who will be included in the numerator of the participation rate index.**

••

From the **Participation Rate Index Appeal** spreadsheet, count the total number of students listed on the spreadsheet. **These are the students who will be included in the denominator of the participation rate index.**

- Divide the number of borrowers who received an FFEL Program and/or Direct Loan Program loan during the selected 12-month period and whose loan periods overlap the 12-month period by at least one day by the number of students listed on the spreadsheet and multiply the result by the official cohort default rate identified by the school. **This is the school's participation rate index.**



For a successful appeal, the school's participation rate index must be 0.0375 or less.

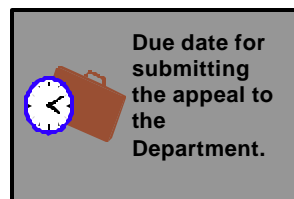
Step 4: Also **within the time frame described in Step 1** (i.e., within 30 calendar days of receiving official notification that the school is subject to initial or extended loss of eligibility to participate in the FFEL Program and/or Direct Loan Program and Federal Pell Grant Program), the school must submit the following to the Department at the address provided on page 161;

- a cover letter using the sample **Participation Rate Index Appeal** cover letter on page 163;
- AND
- information about the students who are included in the participation rate index using the **Participation Rate Index Appeal** spreadsheet created in Step 2.



Schools are **not** required to submit an independent auditor's attestation to support the school's participation rate index appeal.

The Department recommends that the school submit the participation rate index appeal in a single, tabbed binder. The recommended tabs and materials are shown on the next page.



The following material should be sent to the Department's Default Management Division at the address shown on page 161.

Tab 1
The section behind Tab 1 contains:

A **letter** on the school's letterhead with—

- ◆ the school's OPE ID number;
- ◆ a statement indicating that the school is submitting a participation rate index appeal;
- ◆ the cohort default rate on which the appeal is based;
- ◆ a certification sentence that indicates that the information provided in the appeal, under penalty of perjury, is true and correct;

AND

- ◆ the signature of the school's President/CEO/Owner, followed by a signature block providing the signer's name and job title.

Schools should refer to the sample **Participation Rate Index Appeal** cover letter on page 163.

Tab 2
The section behind Tab 2 contains:

A **spreadsheet** of the school's students included in the participation rate index.

Schools should refer to the sample **Participation Rate Index Appeal** spreadsheet on page 165 and detailed instructions on how to create the spreadsheet on page 164.


Note

The Department will not consider information submitted after the 30 calendar day deadline. The Department will send the school written notification of its decision. **The Department's decision is final and no further administrative review is provided.**

If sent by commercial overnight mail/courier delivery, send the school's participation rate index appeal to:

U.S. Department of Education
Default Management Division
ATTN: Participation Rate Index Appeal
ROB-3, Room 3905
7th and D Streets, SW
Washington, DC 20407

If sent by U.S. Postal Service, send the school's participation rate index appeal to:

U.S. Department of Education
Default Management Division
ATTN: Participation Rate Index Appeal
Portals Building, Room 6300
400 Maryland Avenue, SW
Washington, DC 20202-5353

The Department will not accept any appeal correspondence by facsimile (fax) or e-mail.

The Department recommends that a school send all appeal correspondence return receipt requested or via commercial overnight mail/courier delivery. This will be useful to a school if it is asked to authenticate the timeliness of its appeal. A school should maintain the documentation which verifies the receipt of the appeal related material. In addition, a school should retain copies of all documentation submitted as a part of the appeal process.

Sample **Participation Rate Index Appeal** Cover Letter**Technical School**

1212 Wedgewood Lane
Leonardtown, Wisconsin 12345-6789
(123) 456-7890

October 15, 1999

Sample Letter

U.S. Department of Education
Default Management Division
Attn: Participation Rate Index Appeal
Portals Building, Room 6300
400 Maryland Avenue, SW
Washington, DC 20202-5353

OPE ID#: 000000

Subject: FY 1997 Participation Rate Index Appeal

Dear Default Management Division:

Technical School, **OPE ID# 000000**, is submitting its FY 1997 participation rate index appeal.

I, the undersigned, certify under penalty of perjury, that our participation rate index is 0.0325, and that all other information submitted in support of this exceptional mitigating circumstances appeal is true and correct.

Please see the enclosed spreadsheet.

Thank you for your consideration.



Sincerely,

Robert Young

Robert Young,
President

Enclosure

Instructions for **Participation Rate Index Appeal** spreadsheet

Count and list the students who will be included in the calculation of the school's participation rate index using a spreadsheet software application such as Excel, Lotus 1-2-3, or Supercalc. The final printed spreadsheet must be sent to the Department.	Column 1: Enter the student's Social Security number (SSN) using hyphens to separate the numbers (for example, 000-00-0000) for all of the regular students enrolled on at least a half-time basis during any part of the selected 12-month period. (No student will be counted more than once in the calculation.) Sort by numerical order when ready to print the spreadsheet.
The spreadsheet should be on 8 ½" x 11" paper in a landscape (horizontal) layout. A sample spreadsheet follows these instructions.	Column 2: Enter the student's name.
Header: Enter FY [Year] Participation Rate Index Appeal in the center of the header area. In the left-hand area, enter the school's name, the school's OPE ID number, the school's applicable cohort default rate, and the school's selected 12-month period.	Column 3: Enter MM/DD/CCYY (month, day, year) to identify the student's beginning enrollment date and ending enrollment date.
Footer: Enter the date the challenge was prepared in the left side of the footer area. Set up automatic pagination in the right side of the footer area so that the specific page number and the total number of pages show on each page, for example: Page 1 of 10.	Column 4: Enter FFEL or DL if the student received an FFEL Program loan (FFEL) or a Direct Loan Program loan (DL) for a loan period that coincides with any part of the selected 12-month period. Leave blank if the student did not receive a loan or the loan period does not coincide with the 12-month period.
Sort: The students listed on the spreadsheet should be sorted by the student's Social Security number.	 If any part of the loan period falls within the selected 12-month period, the borrower must be identified and counted as having received a loan during the selected period.
On Rows 1, 2, 3, and 4, use the draw tool to draw a rectangle covering lines A1 to E4. Using the text-box tool, draw another box for Box A information. In this box, enter the school's applicable cohort default rate, the number of students who received FFEL/DL loans (listed in Column 4), the number of regular students (listed in Column 1), and the school's participation rate index.	Column 5: If a loan was received, enter MM/DD/CCYY to identify the beginning date and ending date of the loan period. If Column 4 is not filled out, leave this column blank.
On Row 5, enter exactly the same column names in exactly the same order as listed on the sample spreadsheet.	 If the borrower has more than one loan, list the loan periods associated with each loan. However, the borrower is only counted once in the calculation.
On Row 6 and below, include the following data for each student who will be included in calculating the school's participation rate index.	

Sample **Participation Rate Index Appeal** Spreadsheet**FY 1997 Participation Rate Index Appeal**

School Name: Technical School
 OPE ID Number: 000000
 Cohort Default Rate: FY 1997 CDR = 25.0%
 12-Month Period: 4/2/1995–4/1/1996

<div> Box A Applicable Cohort Default Rate No. of Borrowers Receiving FFEL/DL loans (reported in column 4) No. of Regular Students (listed in column 1) Participation Rate Index 25.0% 26 200 0.0325 </div>				
1. Student's SSN	2. Student's Name	3. Student's enrollment dates (from MM/DD/CCYY to MM/DD/CCYY)	4. If borrower received an FFEL Program loan (FFEL) and/or Direct Loan Program loan (DL) any part of the 12-month during period, enter the type of loan received (FFEL or DL)	5. Beginning dates and ending dates of loan periods for FFEL or Direct Loan loans, if received (from MM/DD/CCYY to MM/DD/CCYY)
111-11-1111	Jane Smith	3/15/1995-3/10/1996	FFEL	9/30/1995-3/10/1996
222-22-2222	John Doe	6/16/1995-10/3/1996		

10/15/1999

[send to U.S. Department of Education's Default
 Management Division at the address located on page 161.]

Page 1 of 1

